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BACKFILLING

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[1](#)C. 06 JAKARTA 10570

Classified By: Economic Officer Tobias Glucksman for reasons 1.4 (b) and (d).

[1](#)1. (S) Summary: Given our recent experience with the designation of the International Islamic Relief Organization (IIRO) Indonesia branch, and Indonesia's new status on the UNSC, it is difficult to predict how the GOI would react to a proposed Revival of Islamic Heritage Society (RIHS) designation. While the GOI might use its vote to directly block the designation, as a Security Council member, it may now feel pressure to show greater commitment to meeting its UNSCR 1267 obligations. We should consider ways to encourage the GOI as a responsible member of UNSC to follow this latter course. Designating the RIHS headquarters in Kuwait could help convince the GOI to go along with a designation of RIHS Indonesia. Given Indonesia's weak record on UNSCR 1267 implementation, designating the RIHS headquarters in Kuwait may be the most effective way to shut down the charity here, at least in the short run. We do not believe that backfilling RIHS or IIRO activities in Indonesia would be an effective or practical policy approach at this time. End Summary.

[1](#)2. (S) This cable responds to ref a and b requests for Embassy Jakarta's views on the possible GOI reaction to a USG-led effort to designate the Indonesia branch of RIHS, and possible USG backfilling of some RIHS and IIRO activities in Indonesia.

Indonesia and UNSCR 1267

[1](#)3. (S) Prior to Indonesia's membership in the UN Security Council in 2007, the Government of Indonesia (GOI), for the most part, has grudgingly acquiesced to USG-led UNSCR 1267 designations of Indonesian individuals and entities. In discussing designations, Department of Foreign Affairs (DEPLU) officials have regularly stressed the GOI's strong commitment to combating terrorism, citing the Indonesia's hundreds of arrests and convictions. They have also regularly complained that UNSCR 1267 designations were too easily portrayed by political opposition and terrorists themselves as a western-led effort to discredit Islam and its leaders. As such, DEPLU officials argued, they risked undermining the GOI's broader counter-terrorism (CT) efforts,

including those with the USG. Moreover, they noted, given the nature of terrorist finance in Indonesia and weaknesses in GOI implementation and financial sector capacity, designations were ineffective. In spite of these reservations, DEPLU officials maintained that the GOI supports the spirit of UNSCR 1267, respects the rights of other countries to propose designations of Indonesian individual and entities, and "does not stand in their way."

¶4. (S) Until last November's designation of the Indonesia branch of the International Islamic Relief Organization (IIRO), the GOI's stance on specific designations largely followed that line. It politely declined offers to co-support or lead designations of Indonesians, questioned the sufficiency of evidence in some cases, but inevitably stood back and allowed designations to proceed. With IIRO, however, the GOI took much greater interest, raised objections, asked for delays, and apparently sought Chinese and Qatari assistance in placing a hold on the designation. While DEPLU officials denied GOI involvement in these holds, they persistently complained about the brevity and weakness of our IIRO statement of case. They confided that the designation of an Indonesian branch of a Saudi charity with strong political connections made them very nervous. They also reminded us of the public uproar generated by the 2004 U.S.-led designation of Al-Haramain Foundation Indonesia -- in which a parliament leader's organization was mistakenly designated -- and they noted that the same parliament leader had an existing close relationship with IIRO (ref c).

¶5. (S) These holds were eventually lifted, and the IIRO UNSCR 1267 designation proceeded with little mention in the press or apparent political fallout. This may be due in part

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to the absence of meaningful GOI steps to implement the IIRO designation. Compliance officers at Bank Danamon (a large domestic Indonesian bank) and Standard Chartered Bank on January 11 and 12 told us that they had not yet received instructions from Bank Indonesia (BI) to search for accounts of four Indonesian terrorists designated on April 25, 2006, including Jema'ah Islamiya Emir Abu Bakar Bashir (ABB). Neither had the two banks received search orders for the November 9 designation of IIRO. The Bank Danamon compliance officer noted she has rarely received notices from the GOI related to UNSCR 1267, but added that Indonesia's National Police (INP), from time to time, order the freezing of specific terrorist accounts. The Standard Chartered compliance officer noted that the bank had never received a GOI request related to UNSCR 1267. She added, though, that the bank's London headquarters regularly informs it of updates to the UNSCR 1267 list, and requests searches undertaken for matching accounts.

GOI Reaction to RIHS Designation Difficult to Predict

¶6. (S) Given this background, and Indonesia's new membership on the UN Security Council, it is difficult to predict how the GOI will react to a proposed designation of RIHS Indonesia. The RIHS case has some clear similarities with that of IIRO. Both charities are headquartered in influential Middle Eastern states and apparently enjoy political support from their respective governments, though RIHS's public profile and local political connections appear weaker than those of IIRO. They also seem to engage in similar activities aimed at spreading Wahhabist Islam. To best weigh the merits and potential success of a RIHS Indonesia designation, we would need to examine the full evidentiary case against the organization, the proposed statement of case and other evidence that can be shared with the GOI, and all known information about the charity's activities in Indonesia.

¶7. (S) If there is a clear and compelling case that we could share with the GOI, our sense is that the GOI would not

likely object to a proposed E.O. 13224 domestic designation of RIHS, as it can easily be portrayed to the Indonesian public as the USG's prerogative. However, a proposed UNSCR 1267 designation of RIHS Indonesia would be the first real test of GOI commitment to UNSCR 1267 since joining the UNSC. The GOI might well vote to block a process that it views as ineffective and a risk to broader CT efforts in Indonesia. On the other hand, as a Security Council member, it may now feel pressure to show greater commitment to meeting its UNSCR 1267 obligations. Prior to deciding whether to pursue a UNSCR 1267 designation of RIHS, we recommend Washington consider ways to encourage the GOI to act as a more responsible member of UNSC on counter-terrorist finance (CTF) issues. Designating the RIHS headquarters in Kuwait could also help convince the GOI to go along with a designation of RIHS Indonesia and, given Indonesia's weak UNSCR 1267 implementation, might be the most effective way to shut down the charity here, at least in the short run. At the same time, we should assume that the Indonesians will want take into account Qatar's position on any such designation.

Backfilling As An Option

18. (S) We have a number of practical and policy concerns about a USG suggestion to find backfill for IIRO and RIHS activities in Indonesia. First, unless the GOI suddenly and dramatically improves its UNSCR 1267 implementation, no charitable activities are likely to be shut down and in need of backfilling. To date, the GOI has not effectively implemented UNSCR 1267 designations, especially with regards to tracking down and freezing assets held in the formal financial sector.

19. (S) From what we can glean, the charitable activities of IIRO and RIHS are not large, and USG agencies may not have the legal authority or desire to backfill them. Discreet Embassy inquiries have yielded scant new information about RIHS or IIRO activities. To the best of our knowledge, both charities' underlying goal is the spreading of Wahhabist Islam. They have both provided some tsunami and Yogyakarta

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earthquake disaster assistance. They also appear to be involved on a more regular basis in mosque construction and rehabilitation, donations of Korans and Wahhabist literature, and support for religious schools (pesantrens and madrasas). In general, their contributions tend to be opportunistic and one-off efforts, for which backfilling would be difficult, and in many cases may be contrary to U.S. laws and politics.

110. (S) We also note that, under the President's Education Initiative for Indonesia, USAID is already implementing a \$157 million multi-year project supporting basic education in Indonesia, with particular emphasis on high-risk pesantrens and madrasas. This and many other multi-year mission programs have important underlying CT goals. Together they make up a carefully balanced mission approach to deter Islamic radicalism and combat terrorism in Indonesia. We doubt it would serve our interests to draw funds from existing programs to support backfilling for IIRO or RIHS. Should Washington agencies pursue backfilling, we recommend that new sources of funding be found for this purpose. We assume that IIRO and RIHS grantees may be hostile to any American attempt to substitute for their current benefactors, since they are likely to of the same ideological ilk. USG support for backfilling would be difficult to conceal, and its public knowledge could have serious political consequences for the Yudhoyono Administration, and our broader joint CT efforts.

111. (S) One option that might work would be to provide the GOI with a grant to implement the backfilling directly itself, and avoid working through USG agencies or U.S.-linked NGOs. The grant could be a one-off payment for the GOI to support three to four year's of the charities acceptable

activities. Under this approach, we believe we would be able to keep the transfer secret and avoid the political problems discussed above. However, the GOI may not possess the capacity, transparency, or governance to be an effective partner for backfilling. Indeed, Indonesia's legions of foundations, NGOs, and charities exist to fill in where the GOI has failed to provide even the most basic social services. It is also unclear whether the GOI has the legal authority to provide funds directly to these organizations.

PASCOE